

Bur. of Consumer Financial Protection

Pt. 1024, App. E

APPENDIX D TO PART 1024—AFFILIATED BUSINESS ARRANGEMENT DISCLOSURE STATEMENT FORMAT NOTICE

To: _____
 From: _____
 (Entity Making Statement)
 Property: _____
 Date: _____

This is to give you notice that *[referring party]* has a business relationship with *[settlement services provider(s)]*. [Describe the nature of the relationship between the referring party and the provider(s), including percentage of ownership interest, if applicable.] Because of this relationship, this referral may provide *[referring party]* a financial or other benefit.

[A.] Set forth below is the estimated charge or range of charges for the settlement services listed. You are NOT required to use the listed provider(s) as a condition for [settlement of your loan on] [or] [purchase, sale, or refinance of] the subject property. THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.

[provider and settlement service] _____

[charge or range of charges] _____

[B.] Set forth below is the estimated charge or range of charges for the settlement services of an attorney, credit reporting agency, or real estate appraiser that we, as your lender, will require you to use, as a condition of your loan on this property, to represent our interests in the transaction.

[provider and settlement service] _____

[charge or range of charges] _____

ACKNOWLEDGMENT

I/we have read this disclosure form, and understand that *referring party* is referring me/us to purchase the above-described settlement service(s) and may receive a financial or other benefit as the result of this referral.

Signature _____

[INSTRUCTIONS TO PREPARER:] [Use paragraph A for referrals other than those by a lender to an attorney, a credit reporting agency, or a real estate appraiser that a lender is requiring a borrower to use to represent the lender's interests in the trans-

action. Use paragraph B for those referrals to an attorney, credit reporting agency, or real estate appraiser that a lender is requiring a borrower to use to represent the lender's interests in the transaction. When applicable, use both paragraphs. Specific timing rules for delivery of the affiliated business disclosure statement are set forth in 12 CFR 1024.15(b)(1) of Regulation X). These INSTRUCTIONS TO PREPARER should not appear on the statement.]

APPENDIX E TO PART 1024—ARITHMETIC STEPS

I. EXAMPLE ILLUSTRATING AGGREGATE ANALYSIS

Assumptions

Disbursements:

\$360 for school taxes disbursed on September 20
 \$1,200 for county property taxes:
 \$500 disbursed on July 25
 \$700 disbursed on December 10

Cushion: One-sixth of estimated annual disbursements

Settlement: May 15

First Payment: July 1

STEP 1—INITIAL TRIAL BALANCE

	Aggregate		
	pmt	disb	bal
Jun	0	0	0
Jul	130	500	-370
Aug	130	0	-240
Sep	130	360	-470
Oct	130	0	-340
Nov	130	0	-210
Dec	130	700	-780
Jan	130	0	-650
Feb	130	0	-520
Mar	130	0	-390
Apr	130	0	-260
May	130	0	-130
Jun	130	0	0

STEP 2—ADJUSTED TRIAL BALANCE

[Increase monthly balances to eliminate negative balances]

	Aggregate		
	pmt	disb	bal
Jun	0	0	780
Jul	130	500	410
Aug	130	0	540
Sep	130	360	310
Oct	130	0	440
Nov	130	0	570
Dec	130	700	0
Jan	130	0	130
Feb	130	0	260
Mar	130	0	390
Apr	130	0	520

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STEP 2—ADJUSTED TRIAL BALANCE—Continued
[Increase monthly balances to eliminate negative balances]

	Aggregate		
	pmt	disb	bal
May	130	0	650
Jun	130	0	780

STEP 3—TRIAL BALANCE WITH CUSHION—Continued

	Aggregate		
	pmt	disb	bal
Jun	130	0	1040

STEP 3—TRIAL BALANCE WITH CUSHION

	Aggregate		
	pmt	disb	bal
Jun	0	0	1040
Jul	130	500	670
Aug	130	0	800
Sep	130	360	570
Oct	130	0	700
Nov	130	0	830
Dec	130	700	260
Jan	130	0	390
Feb	130	0	520
Mar	130	0	650
Apr	130	0	780
May	130	0	910

II. EXAMPLE ILLUSTRATING SINGLE-ITEM ANALYSIS

Assumptions

Disbursements:

\$360 for school taxes disbursed on September 20
 \$1,200 for county property taxes:
 \$500 disbursed on July 25
 \$700 disbursed on December 10

Cushion: One-sixth of estimated annual disbursements

Settlement: May 15

First Payment: July 1

STEP 1—INITIAL TRIAL BALANCE

	Single-item					
	Taxes			School taxes		
	pmt	disb	bal	pmt	disb	bal
June	0	0	0	0	0	0
July	100	500	–400	30	0	30
August	100	0	–300	30	0	60
September	100	0	–200	30	360	–270
October	100	0	–100	30	0	–240
November	100	0	0	30	0	–210
December	100	700	–600	30	0	–180
January	100	0	–500	30	0	–150
February	100	0	–400	30	0	–120
March	100	0	–300	30	0	–90
April	100	0	–200	30	0	–60
May	100	0	–100	30	0	–30
June	100	0	0	30	0	0

STEP 2—ADJUSTED TRIAL BALANCE

[Increase monthly balances to eliminate negative balances]

	Single-item					
	Taxes			School taxes		
	pmt	disb	bal	pmt	disb	bal
Jun	0	0	600	0	0	270
Jul	100	500	200	30	0	300
Aug	100	0	300	30	0	330
Sep	100	0	400	30	360	0
Oct	100	0	500	30	0	30
Nov	100	0	600	30	0	60
Dec	100	700	0	30	0	90
Jan	100	0	100	30	0	120
Feb	100	0	200	30	0	150
Mar	100	0	300	30	0	180
Apr	100	0	400	30	0	210
May	100	0	500	30	0	240
Jun	100	0	600	30	0	270

STEP 3—TRIAL BALANCE WITH CUSHION

	Single-item					
	Taxes			School taxes		
	pmt	disb	bal	pmt	disb	bal
Jun	0	0	800	0	0	330
Jul	100	500	400	30	0	360
Aug	100	0	500	30	0	390
Sep	100	0	600	30	360	60
Oct	100	0	700	30	0	90
Nov	100	0	800	30	0	120
Dec	100	700	200	30	0	150
Jan	100	0	300	30	0	180
Feb	100	0	400	30	0	210
Mar	100	0	500	30	0	240
Apr	100	0	600	30	0	270
May	100	0	700	30	0	300
Jun	100	0	800	30	0	330

APPENDIX MS-1 TO PART 1024—
SERVICING DISCLOSURE STATEMENT

[Sample language; use business stationery
or similar heading]
[Date]

SERVICING DISCLOSURE STATEMENT
NOTICE TO FIRST LIEN MORTGAGE
LOAN APPLICANTS: THE RIGHT TO
COLLECT YOUR MORTGAGE LOAN PAY-
MENTS MAY BE TRANSFERRED

You are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2601 *et seq.*). RESPA gives you certain rights under Federal law. This statement describes whether the servicing for this loan may be transferred to a different loan servicer. “Servicing” refers to collecting your principal, interest, and escrow payments, if any, as well as sending any monthly or annual statements, tracking account balances, and handling other aspects of your loan. You will be given advance notice before a transfer occurs.

Servicing Transfer Information

[We may assign, sell, or transfer the servicing of your loan while the loan is outstanding.]

[or]

[We do not service mortgage loans of the type for which you applied. We intend to assign, sell, or transfer the servicing of your mortgage loan before the first payment is due.]

[or]

[The loan for which you have applied will be serviced at this financial institution and we do not intend to sell, transfer, or assign the servicing of the loan.]

[INSTRUCTIONS TO PREPARER: Insert the date and select the appropriate language under “Servicing Transfer Information.” The

model format may be annotated with further information that clarifies or enhances the model language.]

APPENDIX MS-2 TO PART 1024—NOTICE
OF ASSIGNMENT, SALE, OR TRANSFER
OF SERVICING RIGHTS

[Sample language; use business stationery or similar heading]

NOTICE OF ASSIGNMENT, SALE, OR
TRANSFER OF SERVICING RIGHTS

You are hereby notified that the servicing of your mortgage loan, that is, the right to collect payments from you, is being assigned, sold or transferred from _____ to _____ effective _____.

The assignment, sale or transfer of the servicing of the mortgage loan does not affect any term or condition of the mortgage instruments, other than terms directly related to the servicing of your loan.

Except in limited circumstances, the law requires that your present servicer send you this notice at least 15 days before the effective date of transfer, or at closing. Your new servicer must also send you this notice no later than 15 days after this effective date or at closing. [In this case, all necessary information is combined in this one notice].

Your present servicer is _____. If you have any question relating to the transfer of servicing from your present servicer call _____ [enter the name of an individual or department here] between ____ a.m. and ____ p.m. on the following days _____.

This is a [toll-free] or [collect call] number.

Your new servicer will be _____.

The business address for your new servicer is: _____